BANKING ON THE POOR
The Cross-Cultural Diffusion of Grameen-Style Microcredit Schemes

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Data about the results of an externally introduced innovation that are gathered from clients, change agents, or scientific observers are subjectively flavored by their own cultural beliefs. Consequences should be judged as to their functionality in terms of the user’s culture, without imposing outsiders’ normative beliefs about the needs of the client system.

Everett Rogers (1995: 411)

If the United States becomes convinced that poverty can be eliminated . . . then it can be done.

Mohammed Yunus
(Cited in Bornstein 1996: 27)

Introduction

Large-scale development projects in third world countries, usually planned and funded by organisations such as the World Bank, the Asian Development Bank or UNESCO, have come under increasing criticism over the last thirty years for their failure adequately to take into account Rogers’s warning, quoted above (Seabrook 1993). In their place has come a growing interest in smaller-scale, grass roots initiatives that, springing from the cultural soil in which the need can be most
clearly perceived and the relevant factors most intimately understood, have often enjoyed considerably more success in achieving their goals (McKibben 1995, Harrison 1996).

One of the best known, most admired and thoroughly studied of these schemes is the Grameen Bank of Bangladesh, a microcredit lending organisation with over two million members (mostly women) that, according to The Economist, is "one reason for the fall in poverty in Bangladesh, from 59% of the population in 1991-92 to 53% in 1995-96" (Anon. 1998). Unlike many such grass roots initiatives, however, the Grameen Bank model has been successfully replicated in over 70 countries in Asia, Africa and the Americas.

In fact, the worldwide adoption of the Grameen model represents a rare case of technology transfer from the non-West to the West (as well as to other areas of the non-West), a case of reversing the more prevalent diffusion process in which the Western/industrialized world has almost always been the innovator and the subaltern/third world the adopter (Auwal 1996: 28).

This paper will attempt to analyse the Grameen Bank phenomenon from a diffusion theory perspective, paying particular attention to the perceived characteristics of the Grameen innovation and their suitability for cross-cultural diffusion. After a brief overview of the history and policies of the Grameen operation, the analytical model will be explained and then applied to the innovation. Finally, some examples of Grameen-type replications will be presented and discussed in the light of the analysis.

Background

The Grameen ("rural") Bank Programme was conceived and initiated in 1976 in the village of Jobra, Bangladesh, by Mohammad Yunus, the Director of the Rural Economics Programme of Chittagong University Economics Department. (The programme became the independent Grameen Bank in 1983.) The objective
was to provide credit for the landless poor so that they could generate their own income and thus repay the loan through profits. Although the bank's lending charges were not cheap (16 percent, initially; about 4 points above commercial bank rates), they were considerably less than the exorbitant rates of local moneylenders, to whom villagers would otherwise have no choice but to turn, not having the collateral to attract commercial banks (who in any case reject small loans as not being cost effective, in that they involve administration costs that exceed the return).

In order to qualify for a Grameen loan, villagers had to form themselves into small solidarity groups who pledged each other's obligation to repay the loan at a 2 percent weekly instalment rate. Loans could be made either to individuals or to the group, but if an individual member failed to make a repayment, the group was responsible. Members also had to abide by the constitution of the Grameen Bank, a document known as "The Sixteen Decisions" and attend regular meetings. This combination of discipline, peer pressure and mutual support enabled the bank to achieve a remarkable repayment rate of around 98 percent. In addition to loan repayments, lenders were obliged to deposit 2 taka a week (about 5 cents) into the group fund account, which is used for the benefit of the group as a whole, either as a source for further individual loans or as an insurance fund. This fund also grows through the deduction of a group tax of 5 percent from every loan a member receives, and can be repaid with interest to depositors after ten years' membership in the group.

Over the years, Grameen has expanded its activities to provide housing loans to enable villagers to build strong, secure structures capable of withstanding the frequent cyclones that ravage Bangladesh. When the programme started, Yunus challenged a group of engineers to design a durable, inexpensive house, and they came up with a structure of wood, cement, tin and bamboo that could be easily built for the equivalent of about $250. Villagers now have a lot of choice in design decisions, although they must conform to the building codes specified by Grameen's architects. So successful has this aspect of the Grameen programme been that it received the prestigious Aga Khan Award for Architecture in 1989, and has proved a perfect complement to the income generation loan programme:
The two parallel aspects of loans offered by the Grameen Bank are what makes it successful. It would not be possible for poor people to take out a loan for a house without an income to repay the loan. The income-generating loans provide them with the means to do that (Steele and Serageldin 1997: 78).

The bank has now financed over 300,000 housing units since the scheme’s inception in 1984. At first, the programme was expected to lose money, as it was thought of as a consumption loan rather than an income-generating investment. An unanticipated consequence soon made itself apparent, however; as one of the Grameen workers, Muzammel, remembered: “Then we realized that for the poor this is not a consumption loan. For the poor this is an investment loan. A house for a poor woman is her workplace. This is her factory” (Bornstein 1996: 154).

Perhaps the most startling feature of Grameen’s story is the fact that nearly 95 percent of its borrowers are women. This was a deliberate policy of Yunus from the outset. If Grameen was a bank for the poor, and the poorest people in Bangladesh were landless women, then the logic was obvious. “But Yunus also wondered if Grameen could do more than mitigate the worst effects of poverty by targeting women. For example, could it be instrumental in changing men’s attitudes toward them? Or in changing women’s attitudes toward themselves?” (Bornstein 1996: 141.)

Bangladesh is a conservative, strongly Muslim society with mostly traditional male-dominated structures, yet the empowerment of women through Grameen loans has effected a virtual social revolution. Fertility rates have plunged from 6.1 births per woman in 1980 to 3.4 today, and are projected to decline to 2.5 by 2010. These dramatic changes have not met with unanimous approval in Bangladesh, in spite of the economic benefits to the households involved. Some husbands feel threatened by the growing economic independence of their wives; Grameen offices have been attacked by mobs incited by conservative Mullahs; local moneylenders have been predictably enraged; and even some secular politicians are wary of the immense popularity that Grameen and other non-governmental organisation (NGO) programmes enjoy. As The Economist reports: “Resentment also comes from politicians, bureaucrats and leftists, all of whose shortcomings
have been exposed by the success of NGOs" (Anon. 1998). In this respect, an astute move was made by Yunus in 1990 when he persuaded Khalid Shams to join him as deputy managing director of Grameen Bank: the number two position after Yunus himself. Shams had been a civil servant for 25 years, and was thus able to bring a political expertise and experience to Grameen that it had hitherto lacked. He refers to his experience with the government as a lesson in “how not to manage development,” but has a realistic view of the sociopolitical climate for Grameen-instigated large-scale social change:

It’s going to be a slow process given the present macropolicy. Because if that doesn’t change, the impact will not come quickly. You see, poverty alleviation and the development of disadvantaged people are political questions - and unless there is a political will to cope with the situation, you’ll not see much of an impact (Bornstein 1996: 262).

**Diffusion Analysis Model**

In order to assess the diffusion potential of the Grameen initiative, an analytical model is required. Rogers (1995: 162) suggests that there are five stages involved in the decision to adopt an innovation, which is a gradual process over time rather than an instantaneous act. The five stages, to be explained below, are knowledge, persuasion, decision, implementation and confirmation. Even before this process begins, however, there are certain prior aspects to the situation that must be considered: previous practices; felt needs or problems; innovativeness; and the norms of the social system. The knowledge stage is reached when an individual, or group, is made aware of an innovation’s existence, and the means by which this occurs is dependent upon the pre-existing conditions outlined above. At this stage, socioeconomic factors, personality variables and communication behaviours are all characteristics of the individual or group that need to be taken into account. The persuasion stage involves the development of an affective attitude toward the innovation, and this depends on that innovation’s perceived characteristics in terms of relative advantage, compatibility, complexity, trialability and observability. The
decision stage determines the adoption or rejection of the innovation, although each of these decisions may be subsequently reversed by later adoption or discontinuance. The implementation stage refers to the actual application of the innovation and the confirmation stage either reinforces or reverses the earlier decision to adopt or reject. It should be clearly borne in mind, of course, that the above represents a general model for the study of innovations, and it cannot be assumed, as Rogers warns, “that all innovations are equivalent units of analysis” (1995: 15). Different innovations will require varying emphases with regard to the five stages outlined above, and differences in the societies into which they are being diffused will further influence their rate of adoption. In the case of the Grameen innovation and its diffusion across cultural boundaries, this paper will concentrate on the earlier stages of the process, knowledge and persuasion, which are perhaps the most susceptible to differences in cultural influences.

Knowledge and Preconditions

Credit cooperatives had been tried in Bangladesh before the Grameen experiment, but in most cases “money out the door was rarely seen again” (Bornstein 1996: 44). Even the nationalised commercial banks had an abysmal repayment rate, for all their collateral and guarantor requirements. Yunus’s innovative departure from previous practice was to make use of the indigenous knowledge base by asking villagers how credit should be given and administered. He assembled villagers to discuss his ideas, and out of these informal gatherings came the key concepts of collective group responsibility (“social collateral”) and total transparency. There would be complete openness in all loans and transactions, with none of the air of confidentiality that imbues financial dealings in the more individualistic west. There was clearly a perceived need for credit, even among the landless poor, or moneylenders would not have existed; but the group organisation was a new idea. Interestingly, Yunus denied that Bangladesh was any more collectivist a society than the United States: “Put three Bangladeshis together and they’ll run in five different directions,” he is reported as having said (Auwal 1996: 39).

Yunus’s collaborative approach to the innovation in part resolves the old
diffusion question as to the extent to which individuals make themselves aware of an innovation, as opposed to being passive recipients of knowledge. In this case, the innovation was reinvented from the outset; Yunus provided the initial idea, but the practical details came largely from the client base. The relative informality of the process encouraged selective exposure to the message, in that it could more easily be perceived as being consistent with existing attitudes and beliefs. Without any widespread access to mass media channels, knowledge of the innovation was necessarily diffused mainly through interpersonal networks and homophilous change agents (initially Yunus’s students) who had more credibility with villagers than outside experts from the World Bank would be likely to have had. Yunus also made as much use as possible of female students, who would naturally enjoy more homophily and credibility with his targeted audience of women. Again, the formation and use of highly homophilous groups accelerated the diffusion of all three types of knowledge: awareness, how-to and principles.

Persuasion

The persuasion stage of the innovation-decision process is crucial in determining both the rate and the extent of an innovation’s diffusion. Persuasion is a development from the necessarily preceding knowledge stage in that here, the individual forms an affective stance toward an innovation, and this depends less on objective reality than on individual, subjective perception. If the knowledge stage can be thought of as largely cognitive in emphasis, then the persuasion stage has a more emotional focus. Rogers cites W.I. Thomas, the Chicago School sociologist in making this point: “If men perceive a situation as real, that situation is real in all of its consequences” (Rogers 1995: 111). Perceptions, that is, count; and in the persuasion stage of the innovation-decision process they are of central importance. “The characteristics of innovations, as perceived by individuals, help to explain their different rate of adoption” (Rogers 1995: 15). These characteristics can be divided into five main conceptual areas or qualities: relative advantage, compatibility, complexity, trialability and observability. The more of these qualities an innovation is perceived as having, the more likely it is to be adopted, all other factors being, of course, equal.
Relative advantage is "the degree to which an innovation is perceived as better than the idea it supersedes" (Rogers 1995: 15). In the case of Grameen Bank, the superceded idea was that of moneylenders who, although providing a source of credit unavailable through official channels, charged such exorbitant interest rates that many potential borrowers were discouraged and many actual borrowers were driven into virtual debt slavery. In many Asian countries, the purchase of a rickshaw by means of a private loan all too often results in the lender owning not only the rickshaw, but the lifelong indentured labour of the borrower. With such examples to judge from, the idea of credit itself may thus be perceived unfavourably, and a major initial obstacle for Yunus and his team was found in overcoming this prejudice. By starting with small loans to only seven individuals, though, the innovation was allowed to diffuse at its own pace through interpersonal networks, as others observed how this pilot group prospered. Once the initial experiment was seen to be a success, the perception of relative advantage spread and increased exponentially. Again, the small, personal, bottom-up approach suited the situation much better than massive, World Bank-style, top-down projects.

The characteristic of compatibility concerns the extent to which an innovation is perceived to be consistent with clients' existing values, experience and needs. As with relative advantage, the use of the indigenous knowledge base through the consultative, bottom-up approach gave the Grameen innovation a tremendous amount of credibility, at least to the early adopters, who had in effect reinvented the idea. The most incompatible element was certainly the emphasis on the social and economic empowerment of women and, as discussed above, this is the innovation that is taking the longest time to diffuse throughout Bangladeshi society. Even in the village of Jobra, where Yunus launched his innovation, women were initially reluctant to join the scheme:

The students had identified dozens of village women who were ideal candidates for loans; they urged them to form groups, but many retreated out of fear for their reputations. Yunus hoped to increase their numbers, but Jobra was extremely conservative. "Progress on the women front is slow," he wrote in a 1978 report (Bornstein 1996: 59).
Not only the gender issue, but other divisive factors in Bangladeshi society would seem to militate against the collectivist group approach of the Grameen innovation, and support Yunus's contention (discussed above) that Bangladesh is in some respects a highly individualistic society. Villages can be split along clan, class, religious, economic and caste lines, not to mention the innumerable personal feuds, particularly over land, that could split families into opposing factions.

In spite of this potential anarchy, however, the Grameen system, by bringing villagers together regularly in a controlled setting where they must be responsible to each other for their actions, ensures that the centre somehow holds. Bornstein accounts for this apparent anomaly by referring to a kind of universalist theory of social pressure, first advanced over two centuries ago by Adam Smith.

"In the middling and inferior stations of life," wrote Smith in *The Theory of Moral Sentiments*, personal success "almost always depends on the favour and good opinion of . . . neighbours and equals; and without a tolerably regular conduct these can very seldom be obtained. . . . In such situations, therefore, we may generally expect a considerable degree of virtue; and, fortunately for the good morals of society, these are the situations of by far the greater part of mankind" (Bornstein 1996: 98).

To this extent, then, the Grameen innovations were compatible with the larger interests of not only Bangladesh, but any society in a low economic category, by appealing to those values that depended on cooperation and mutual esteem. If this is indeed the case, then the compatibility requirement for the smooth cross-cultural diffusion of the Grameen innovation would seem to be met.

The third characteristic of innovations, complexity, refers to the perceived degree of difficulty in understanding and implementing the new idea. Since early adoption is linked to intelligence, education and communicative resource (Rogers 1995), the Grameen project focussed on educating villagers, largely through informal means, in order that they could "articulate their demands, analyse their situations and develop practical solutions to their problems" (Bhuiyan 1994: 57).
In this way, any difficulties of either comprehending or implementing the innovation could be discussed openly, in a climate of mutual support and respect. Borrowers are also given intensive initial training, "which teaches them Grameen's philosophy, how to use the loan, and how to sign their names" (Auwal 1996: 35). Indeed, the root concepts of the Grameen scheme are not difficult to grasp, since they are to a certain extent compatible, as discussed above, both with previous experience of credit and with social values. Any complexity is further mitigated by its reduction to the "Sixteen Decisions" of the Grameen charter, which has the effect of encapsulating the basic principles of the innovation in a kind of catechism or mantra, easy both to understand and to remember. Furthermore, as Auwal points out: "The poor, however, are not stupid. They are intelligent people who can take care of themselves, despite having widespread illiteracy. The Grameen model shows that poor people do not need to acquire literacy before they can engage in banking business" (Auwal 1996: 31).

If an innovation can be experimented with on a safe, limited basis, it is more likely to gain rapid acceptance. As Rogers puts it: "New ideas that can be tried on the installment plan will generally be adopted more quickly than innovations that are not divisible" (Rogers 1995: 16). The opportunity to try out an innovation in a relatively risk-free manner, with guidance and support from both peers (the group members) and change agents (Grameen staff), reduces uncertainty on the part of potential adopters, enabling them to learn by doing. The Grameen initiative has this characteristic of trialability built in, since the loans to first-time borrowers are limited to small amounts which have to be repaid weekly over the course of one year. Only when the borrower has proved her reliability in this way can she apply for a larger loan; and the corollary also holds, that the bank has to prove its worth, in the experience of that initial loan, to the borrower. A recent newspaper article quotes Yunus on this point: "A tiny success in the first round resulting from the first small loan gives you the energy to take bigger challenges . . . You get a boost in self-esteem" (Whitefield 1998).

The last characteristic of innovations identified by Rogers is that of observability. If the results of an innovation are visible to others, interpersonal communication is more likely to diffuse knowledge of the new idea than if the results could not be directly observed. In the case of Grameen Bank, the weekly
meetings would obviously provide a highly visible focus for village discussion, and also the apparent material and socioeconomic changes resulting from the Grameen innovation would stimulate discussion and emulation. Recipients of Grameen loans who were perceived as having clearly benefitted from the innovation would become both desirable models for emulation and powerful opinion leaders in encouraging further adoption.

Decision

The decision whether to adopt or reject an innovation, as well as the speed of adoption, usually depends to a great extent on the perceived characteristics of the idea, as outlined in the preceding section. In the case of Grameen Bank, however, certain sociocultural factors influenced the process, in particular the traditional status of women in Bangladesh. As Bornstein recounts: “Yunus soon encountered a problem. Chittagong was one of the most conservative areas of Bangladesh and all his students were male. When they visited the village, women would disappear from view” (Bornstein 1996: 42). Even when this particular problem of initial contact could be resolved by the use of female volunteers and staff, there was still a reluctance on the part of women to take on the household economic rôle traditionally assumed by men. The strong social ethic of the Grameen programme also doubtless delayed adoption in some cases, particularly numbers six and eleven of the “Sixteen Decisions”, which advocated, respectively, family planning and the abolition of dowry. In the Grameen case, these and other cultural obstacles were overcome, probably in large part because of the homophilous nature of the communication networks. Nevertheless, it is hard to disagree with the suggestion made by Rogers that “the knowledge-persuasion-decision sequence in our model of the innovation-decision process may be somewhat culture-bound” (Rogers 1995: 172).

Implementation

The implementation stage is said to occur when the innovation, following the decision to adopt, is put into use. There is usually still some uncertainty
regarding the innovation on the part of the adopters, so further knowledge-gathering takes place at this stage, as well as varying degrees of reinvention. The Grameen focus on collective activity encourages both of these aspects, the group acting as a strongly homophilous organisation for the diffusion of both knowledge and experience. The important feature of the Grameen innovation is that diffusion at this stage is a two-way process: as the scheme is implemented, knowledge and experience not only diffuse horizontally, within and between groups, but also vertically, with the result that the Grameen head office learns from the experience of its clients in a continuous feedback process. Yunus is very aware of the positive benefits of this communication channel, stressing it as one of the strengths of the system in that it enables the organisation to be self-regulating: “Some of your efforts will go wrong. That’s the cost of innovating. It is accepted that you’ll make mistakes. But never repeat the same mistake” (Bornstein 1996: 134).

Confirmation

The final stage of the innovation-decision process is that of confirmation, in which the adoption or rejection of an innovation is either maintained or discontinued. According to Rogers, a strong motivation on the part of the individual at this stage is to avoid or reduce the state of dissonance, “by changing his or her knowledge, attitudes, or actions” (1995: 181). Dissonance (of one of three general types) can occur at various points in the innovation-decision process, but the most likely experience of dissonance for potential adopters in the Grameen case is if a villager has rejected the idea at the decision stage, but subsequently “may become exposed to pro-innovation messages, causing a state of dissonance that can be reduced by adoption” (Rogers 1995: 181). That is, more traditional villagers who initially reject the Grameen approach may later be forced, through peer pressure and social learning, to reevaluate their earlier decision. Discontinuance in the case of Grameen adopters seems to be rare. Having once taken the decision to accept the conditions of a small loan, villagers tend to go on to qualify for larger amounts, culminating in the highly successful housing loans. And even this definitive evidence of confirmation is not a final stage; as Steele and Serageldin found recently: “The most significant factor seems to be that everyone
who was visited had plans to go on adding to their houses” (1997: 78).

Replication

Exact figures on the extent to which Grameen-style microcredit programmes have been replicated across the world are hard to determine, since many apparently similar schemes define themselves as original, indigenous innovations, rather than as having been inspired by the Grameen model. Nevertheless, at a recent conference on microlending in New York, Larry Reid, the managing director of Opportunity International Network, one of the largest microlending organisations, claimed that there were now over 10,000 programmes around the world, lending money to about 15 million people. Of this impressive total, however, more than half the loans were administered by only about 20 organisations and only 1 percent of all microcredit organisations managed to cover their costs without relying on some form of charity. Furthermore, three countries (Bangladesh, Indonesia and Bolivia) accounted for half of the loans (Authors 1998). Diffusion, that is, is not uniform, and many microcredit organisations have yet to replicate Grameen’s success in achieving both a 98 percent repayment rate and profitability. At the same conference, however, delegates from over 90 countries ratified the ambitious goal suggested a year previously, to extend credit to 100 million poor families by the year 2005.

Perhaps the greatest challenge for the advocates of microcredit programmes is that of successfully transferring the concept to poor people in rich, industrialised countries like the United States and Canada where, according to Bornstein (1996: 332), in 1995 there were four hundred members in the Association for Enterprise Opportunity, a trade organisation established for the purpose of supporting microcredit development in the two countries. Although the Grameen innovation, as discussed above, meets most of the criteria for fast and widespread diffusion within its own social setting, there are both institutional and cultural difficulties associated with replicating the idea across cultural boundaries. Even Ron Grzywinski, one of the founders of the successful Grameen replication, South Shore Bank in Chicago, admits that Yunus had the advantage in Bangladesh of “a very long tradition of people being self-employed” (Bornstein 1996: 333), and
estimates that, in spite of a certain romantic attachment to the notion, less than 10 percent of Americans are self-employed. There is also the difference in business climate to contend with: in Bangladesh, a woman taking out a loan to buy a sewing machine to make clothes for sale would have an instant local market; in the United States, she would face overwhelming and possibly predatory competition from powerful mail order companies and shopping malls. Niche markets are undoubtedly harder to find, and require more initiative on the part of the budding entrepreneur, as does negotiating the bureaucratic hurdles of a heavily regulated industrialised economy.

Nevertheless, as Yunus predicted, microcredit has been successful in the United States, as a recent article in the Los Angeles Times demonstrated. Referring to a bipartisan initiative in the Senate to raise $105 million dollars for microcredit training programmes, the article stressed the role of the service sector in providing opportunities for microcredit recipients, “in such businesses as home-based child care, desktop publishing, catering, cleaning, paging and message services, as well as clothes design” (Wamey 1998). President Clinton is a strong supporter of microcredit, successfully introducing a Grameen-style scheme in rural Arkansas during his governorship: the Good Faith Fund (GFF). Starting in 1988 with 25 members, the programme suffered a 40 percent default rate in its first two years of operation, although policy adjustments since then have enabled the GFF to raise its recovery rate to a Grameen-like 98 percent. According to Auwal (1996), there are three important institutional differences between the GFF and Grameen Bank. The first is that the GFF, unlike Grameen, is not a fully fledged bank, authorised by state or federal government to issue loans without collateral; it has to act as an affiliate of a corporation, which limits its flexibility in decision-making and fund-mobilising. Secondly, only 10 percent of the people in Arkansas are below the official poverty line, as opposed to 60 percent in Bangladesh, and the U.S. government provides basic subsistence resources in the form of drinking water, education and food stamps. The incentive for action may therefore be somewhat lessened by the welfare support available in the United States, particularly if becoming self-employed entails the loss of some of these “safety-net” services. Thirdly, Auwal notes the “remarkable social, cultural, demographic, ethnic, religious, and market differences between the environments of Grameen and GFF”
(Auwal 1996: 41). Clearly, in order to overcome these obstacles, the GFF had to reinvent the Grameen innovation to a considerable extent, as have all the microcredit schemes in adapting to their specific sociocultural settings.

Conclusion

Hulme (1993) suggests that there are four general strategies available for the replication of Grameen-style initiatives across cultural boundaries: Exact, large-scale replication; small-scale action research with modification as required; adopting some features of the Grameen model and rejecting others; and accepting the Grameen experiment as an interesting case, but essentially non-replicable. The first of these approaches, in which the organisational and methodological framework of the Grameen bank in Bangladesh is transferred wholesale, would surely only work in a country so similar to Bangladesh in economic, sociocultural and political respects as to be its twin. The immediate, large-scale adoption of an innovation also eliminates the trialability stage of the process, as well as demanding a huge corps of well-trained staff. For these and other reasons, it is almost certainly unworkable. Hulme’s second strategy, the small-scale action project, is much more realistic, although even here the general cultural climate seems to be expected to resemble that of Bangladesh. The third approach, adopting some features and rejecting others, is certainly one that has been tried with some success in the United States and other countries, principally by organisations such as the Women’s Self-Employment Project in Chicago, the Boston-based ACCION International, the Good Faith Fund and GEMINI (Growth and Equity through Microenterprise Investments and Institutions). Hulme’s fourth scenario, in which a potential adopter country rejects the Grameen approach as too incompatible with its perceived values and institutions, is increasingly rare, as more microcredit ventures, suitably modified to greater or lesser extents, prove their value in a wide range of sociocultural settings.

Perhaps a more valuable approach for potential adopters is to look at the philosophical and methodological assumptions on which the Grameen Bank is based, and use these to construct an institutional framework tailored to local requirements. The “Sixteen Decisions” provide a basic guide to Grameen’s
principles, but underpinning them all is Yunus's revolutionary view that credit for self-employment "should not only be formally recognized as a fundamental human right . . . it should also be recognized as a human right that plays a critical role in attaining all other human rights" and should be incorporated in the United Nations' 1948 Declaration of Human Rights (Bornstein 1996: 232). Yunus has elaborated on this key theme on many occasions, spelling out the consequent lessons for development projects: Self-employment is to be preferred over wage employment as a faster and more humane way to combat poverty; women, as most critically affected by poverty and as principal caregivers to children, should be given priority in development efforts; the concept of development should be redefined as action bringing about positive, observable change in the lives of the poorest 50 percent of the population; and the habitual vagueness of development theory should be replaced by focussed and immediate attacks on poverty.

Grameen's methodological principles are in close accord with its philosophical tenets, a feature distinguishing the project from many other development efforts. First, its emphasis on horizontally-connected groups supervised by homophilous change agents in close contact with the clients makes for a highly effective communication environment, in which news and ideas can be diffused very quickly, despite the lack of mass media channels. While this communication advantage is most easily obtained in densely populated environments, careful use of mass media technology should, in more developed countries, be able to compensate to a certain extent for this lack of immediate contact. A second feature of the Grameen approach is that the organisation actually goes to seek business at the doorsteps of the poor, rather than setting up an office somewhere and waiting for clients. Thirdly, the very open, public atmosphere in which Grameen business is conducted simultaneously encourages communication and significantly reduces the opportunity for corruption, a destructive disease of development programmes worldwide.

In the final analysis, perhaps the most important lesson to be learned from the Grameen experience is the moral one. Starting with a very small loan by an obscure academic to a single villager in 1976, the Grameen Bank has grown to be one of the most influential development organisations in the world. More importantly, Grameen and its offspring programmes have improved the lives of
millions of poor people. As Rogers says: "When special efforts are made by a diffusion agency, it is possible to narrow, or at least prevent the widening of, socioeconomic gaps in a social system . . . In other words, widening gaps are not inevitable" (1995: 442).

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